



City of Wichita

Housing and Community Services Department

HOME INVESTMENT PARTNERSHIPS PROGRAM HOUSING DEVELOPMENT LOAN PROGRAM

2012-2013 Program Year

INFORMATION PACKET, ATTACHMENT I, ATTACHMENT II



Overview and Purpose

The City of Wichita proposes to provide HOME Investment Partnerships (HOME) “gap” financing for the development of affordable residential housing. Applications for financing of housing development projects that meet the HOME Program eligibility requirements are requested. The goal is to support the development of real estate that is idle or underutilized, and to provide gap financing for needed single-family housing within the City’s target areas, for underserved populations, in order to provide homeownership opportunities. Development projects may include construction or rehabilitation of single-family homes for owner-occupancy. Applicants can be for-profit or nonprofit organizations (developers), or individuals. All projects are subject to the HOME Investment Partnerships Program regulations found at 24 CFR Part 92. Development projects must serve families/individuals with incomes not exceeding 80% of the median income level for the City of Wichita, as published by the U. S. Department of Housing and Urban Development. A copy of the HOME regulation can be found at:

<http://www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm>

Proposed projects must include existing building(s) or vacant land in the Revitalization Incentives Area, which is bordered by I-235 on the west, Hillside on the east, Pawnee on the south, and 25th street on the north. The eligible project area also includes Local Investment Areas, and remaining Neighborhood Revitalization Area. Areas/Neighborhoods immediately adjacent to these areas will also be considered. If you have questions regarding site eligibility, contact Mark Stanberry of the Housing and Community Services Department at 462-3734.

Financing Mechanism

Housing Development Loan Program “gap” financing will typically be provided in the form of zero-interest, forgivable development subsidy loans involving the sale of homes to qualifying owner-occupants, as described in HOME Program regulations. The City reserves the right to establish loan terms based on project analysis. The maximum loan amount will be **\$140,000**, unless otherwise approved by the City Council. The City reserves the right to approve applications based on the amount deemed to be appropriate, in terms of HOME Program investment, following analysis by the Housing and Community Services Department. Availability of funding will also be a consideration. (Special Note: Housing and Community Services will consider providing HOME financing for site acquisition on a case-by-case basis.)

Evaluation Criteria

Loan Applications will be reviewed and evaluated, based on the following criteria:

1) Development Plan

A detailed, narrative description of projects proposed for financing, along with a description of homes to be constructed, is expected. If the site/sites is/are currently known or owned, describe the proposed site, neighborhood, and preliminary environmental assessment concerns (if any), and provide a proposed plat drawing if appropriate.

Attention should be given to how well the development plan fits in with the existing land use and how well the development plan fits in with other anticipated changes in the land use context of the area/neighborhood.

2) Other Financing and Matching Funds

HOME Program financing is not intended to be the sole source of financing for any project. Applicants must be able to demonstrate that they have financing capacity through local banks/financial institutions, or have the ability to raise other capital investment, with terms subject to approval by the City's Housing and Community Services Department.

HOME Program regulations require a 25% local match. Applications will be reviewed to make certain that an appropriate level of eligible matching funds is generated by the developer. Examples of HOME-eligible matching funds include permit fee waivers and tax rebates, as offered by the City of Wichita, as part of the City's Neighborhood Revitalization Program. Other sources of eligible matching funds include materials donations, or other development gap financing or down payment assistance loans provided to buyers through the Federal Home Loan Bank's Affordable Housing Program.

3) Qualifications and Development/Project Management Experience of Applicant

Information regarding the applicant's previous experience in the development of projects proposed for financing should be provided. Applicants should also provide information regarding the extent to which the applicant will rely upon relationships with subcontractors, how the relationships will be formalized, and their history and duration. Applicants should provide information regarding experience with the development and marketing of residential dwelling units in a historic context if the project involves housing to be developed in an area with historic influences.

4) Financial Feasibility of Development Plan and Time Frame

The application must contain a detailed description of the market to be served, financial feasibility of the proposed project, and a timetable for completion. All financing other project financing must be identified in the application. The City may also require review and approval of all financing documents including, but not limited to loan agreements, notes, mortgages or deeds of trust, and land use restrictions.

The applicant must provide a realistic time line of events that will culminate in project completion within the limits proposed in the applicant's development plan. The development plan must provide evidence that the development team has the overall qualifications and time availability necessary to perform all tasks within the time frame provided under the development plan.

5) Financial Condition and Performance Record of Applicant

Members of the review panel will expect information regarding the applicant's financial condition at the time of submission and the applicant's ability to complete the project and perform satisfactorily with respect to each and every one of its obligations.

Review panel members will also expect information regarding experience in the type of housing development proposed, and will consider utilization of HOME funds allocations the applicant may have received in the past. References or letters of recommendation as they relate to the proposed and previous completed projects may be included with the application.

6) Utilization of Prior HOME Program Financing and/or Funding

If the applicant has received a commitment for HOME Program financing/funding in the past, there must be a demonstrated ability to have utilized said financing/funding in a timely manner.

7) Identification of Buyers/Selling of Homes

The applicant must also have the capacity to market and sell single-family homes developed with HOME Program financing.

** Priority will be given to organizations that can provide evidence of commitments from qualified buyers for the purchase of homes to be developed under the program.

8) Rental Property Management

Regulations applying to 2012 HOME funding require the conversion of houses constructed for homeownership to be converted to rental housing, should the home not be sold to a HOME-eligible, owner-occupant homebuyer, within six months of issuance of the Certificate of Occupancy.

The applicant will be asked to describe its capacity to manage rental property, or must to document a relationship with a professional property management firm with experience in the management of rental property.

Statement of Limitations

This application does not represent a commitment or offer by the City to enter into any agreement with the applicant and the City retains the right at its sole discretion to reject any application. Applications will be underwritten by Housing and Community Services Department staff. Funding agreements must be approved by the City Council.

Potential Conflicts of Interest

Applicants must describe with specificity any actual or potential conflicts of interest for the developer or the City.

HOME Program Environmental Review Conditions

No HUD funds or other funds may be committed to the project until the applicant has secured from the City, environmental approval as provided in HUD regulation 24 CFR Part 58. Further, pending this environmental approval and pursuant to 24 CFR Part 58.22, no participant in the development

process, including contractors, may undertake an activity if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives. Choice limiting actions include real property acquisition, leasing, rehabilitation, repair, demolition, conversion, and new construction.

Section 3 Requirements; Creating Economic Opportunity

Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. 1701 u., and Sec. 7 (d), Department of HUD Act, 42 U.S.C. 3535 (d) is applicable to all projects assisted by any Department program in which loans, grants, subsidies or other financial assistance, including HOME Investment Partnerships Program under the Act are provided in aid of housing, urban planning, development, redevelopment or renewal, public or community facilities, and new community developments.

1. The work to be performed under this contract is subject to the requirements of section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by section 3, shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly persons who are recipients of HUD assistance for housing.

2. The parties to this contract will comply with the HUD's regulations in 24 CFR part 135, which implement section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the part 135 regulations.

3. The Developer agrees to send to each labor organization or representative of workers with which the owner has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.

4. The Developer agrees to include this section 3 clause in every subcontract subject to compliance with regulations in 24 CFR part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this section 3 clause, upon finding that the subcontractor is in violation of the regulations in 24 CFR part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR part 135.

5. The Developer will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected, but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR part 135

require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR part 135.

6. Noncompliance with HUD's regulations in 24 CFR part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future HUD assisted contracts.

7. With respect to work performed in connection with section 3 covered Indian housing assistance, section 7(b) of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450e) also applies to the work to be performed under this contract. Section 7(b) requires that to the greatest extent feasible (i) preference and opportunities for training and employment shall be given to Indians, and (ii) preference in the award of contracts and subcontracts shall be given to Indian organizations and Indian-owned Economic Enterprises. Parties to this contract that are subject to the provisions of section 3 and section 7(b) agree to comply with section 3 to the maximum extent feasible, but not in derogation of compliance with section 7(b).

8. Every contract or agreement entered into by the Developer which involves funds provided under this contract will have incorporated therein subsection B of Section 6 of this contract.

9. In the event the Developer sells, leases, transfers or otherwise conveys land upon which work in connection with this project is to be performed, the City must be notified in writing, thirty (30) days prior to such action. Further, prior to sale or lease of property purchases, funded under this agreement, the Developer shall include in each contract or subcontract for work on such land, a clause requiring the purchaser, lessee or redeveloper to assume the same obligations as the Developer for work under subsection B of Section 6 of this contract. Each such purchaser, lessee or redeveloper shall be relieved of such obligations upon satisfactory completion of all work to be performed under the terms of the redevelopment contract.

Affirmative Marketing

Advertising and marketing of housing developed with financing provided must be conducted in a manner that ensures equal access to housing opportunities generated by the use of HOME Program funding.

Attachments:

Attachment I – Application Form

Attachment II - A compilation of HOME Investment Partnerships Program regulations relating to the development of residential properties. (Applicants are reminded that it is ultimately the decision of the Housing and Community Services Department and the Staff Committee to approve proposed uses of HOME funds.)

ATTACHMENT I: Application Form, Housing Development Loan Program 2012-2013

AMOUNT OF HOME FUNDING REQUESTED: _____

1) Development Plan (10 Points)

- Provide an outline of plans for the proposed development project, and information regarding the type of homes to be constructed, including size, in terms of square footage, and proposed finish. (Please provide sketches, or floor plan options you will offer.)
- Describe time frame/schedule for completion of the proposed project.

2) Other Financing and Matching Funds (10 Points)

- Provide a description of other sources of financing you will utilize in the development of the project, and the HOME-eligible matching funds sources. (Note: If project is undertaken within the Boundaries of the Neighborhood Revitalization Area or the Local Investment Areas, tax rebates and permit fee waivers will be available.)

3) Qualifications and Development/Project Management Experience of Applicant (10 Points)

- Describe qualifications and experience with respect to single-family housing development and housing project oversight.

4) Financial Feasibility of Development Plan and Time Frame (10 Points)

- Provide proposed sale price of homes to be sold in connection with the project, and complete the following per-unit cost worksheet.

Note ** Current general pricing guidelines are as follows, with respect to single-family homes assisted with HOME funding:

Single-Story, Two Bedroom, One Bath, Two-Car Garage, Full Unfinished Basement: \$85,700

Single-Story, Two Bedroom, One Bath, Two-Car Garage, Full Basement with One Bath, One Bedroom Finished in Basement: \$90,450

Single-Story, 2-Bedroom, One Bath, Two-Car Garage, Two Bedrooms, One Bath Finished In Basement: \$92,200

Single-Story, 3-Bedroom, One Bath, Two Car Garage, Full Unfinished Basement: \$95,550

(Prices may be increased, subject to approval by the City of Wichita's Housing and Community Services Department, for additional bedroom finish requested by buyer.)

Per-unit cost: Statement should include all costs associated with the housing development project, regardless of the funding sources. The budget items may include, but should not be limited to, construction (hard) costs, soft costs (architectural, engineering, legal and appraisal fees, real estate taxes, insurance, all loan fees, building permits, relocation expenses, and consultant fees), as applicable. Provide copies of commitment letters for any financing already secured for the project. Following, is a templates that may be utilized to provide the information requested:

Per Unit Cost (Prepare for One Unit)

(A) Site Acquisition Cost	
(B) Plus: Construction (Hard) Costs Including Demolition	
(C) Plus: Project Soft Costs (Loan Fees, Interest, Appraisals, Property Taxes, Surveys, Utilities, Advertising/Affirmative Marketing Expense, etc.)	
(D) Plus: Estimated Permit Fees (Include Water/Sewer Tap Fees if Applicable – Enter “0.00” if project is to be undertaken in the City NRA)	
(E) Plus: Required Site Improvements (Fencing; Lawn Seeding)	
(F) Subtotal (A+B+C+D+E); Preliminary Per-Unit Development Cost	
(G) Plus: Developer Fee (____ %) of (F)	
(H) Total Per-Unit Cost (F + G)	
(I) Less: Anticipated Net Sale Proceeds, after expenses and real estate commission	
(J) Less: Cash Match Contributions (Other Sources Contributed to the Project, on a per-unit basis, such as AHP development subsidy.)	
Project Subsidy Required, per unit (H – I – J)	

Number of Units to be Developed _____

Total Amount of Funding Requested (Number of Units to be Developed X Project Subsidy Required Per Unit) _____

- Provide information regarding the ownership status of the site(s). If site(s) are not currently owned, provide details regarding the financing plan for site acquisition.

5) Financial Condition and Performance Record of Applicant (10 Points)

- Provide (attach) a current financial statement for your organization.
- Over the last ten (10) years, has applicant ever defaulted on any material obligation arising out of a real estate development project, including without limitation, an acquisition and development loan, construction loan, or permanent financing, any letter of credit or other credit facility, any municipal debt financing, or obligation made as a condition of receiving any form of public or governmental approval for a project, including but not limited to site plan, master plan or zoning approvals, waivers or variances?

- For each type of residential dwelling unit proposed in the Development plan, how many of such housing units has the applicant developed, constructed, and sold or leased over the past five (5) years? References or letters of recommendation as they relate to the proposed and previous completed projects may be included with the application. (Please identify those projects in which City or State HOME funds were used.)

6) Utilization of Prior HOME Program Financing and/or Funding (10 points)

Housing and Community Services staff will score this criterion, based on timely expenditure of HOME Program funding under past commitments and whether or not funding was expended prior to the expiration of funding agreements.

7) Identification of Buyers/Marketing and Selling of Homes (20 points)

- Describe the methods to be utilized in identifying potential end buyers, and the way in which the housing will be marketed. Also, does your program include any assistance with credit reparation?
- Do you have commitments for purchase of homes to be developed with funding provided under this program?

- Describe the market to be served and the expected demand for the housing to be constructed.

8) Rental Property Management (15 points)

- Regulations applying to 2012 HOME funding require the conversion of houses constructed for homeownership to be converted to rental housing, should the home not be sold to a HOME-eligible, owner-occupant homebuyer, within six months of issuance of the Certificate of Occupancy. Please describe your capacity to manage affordable rental property.

Other (Optional)

14. References or letters of recommendation as they relate to the proposed and previous completed projects may be included with the application. (Optional)

Please Note: Submit three (2) copies of your application. One (1) copy must exhibit original signatures.

I (we) certify that the above information is true and factual to the best of my (our) knowledge and belief. I (we) understand that providing false information will constitute a fraudulent action in connection with federal funding.

I (we) hereby authorize any credit reporting agency to release information to the Housing and Community Services Department, City of Wichita, and authorize the release of any information (including documentation or materials) pertinent to the eligibility for or participation in the Housing Development Loan Program.

Name of Applicant

Mailing Address

Phone Number

Signature of Applicant

Date

Signature of Applicant

Date

ATTACHMENT II

HOME INVESTMENT PARTNERSHIPS PROGRAM

**The following is a compilation of
HOME Investment Partnerships Program regulations
Regarding the development of
Residential Properties.**

**Final HOME regulations, in their entirety, were issued by
The Department of Housing and Urban Development,
September 16, 1996, and last updated December 22, 2004**

**The complete citation is
24 CFR Parts 92
HOME Investment Partnerships Program: Final Rule**

Eligible Project Costs

HOME funds may be used to pay the following eligible costs:

- (a) *Development hard costs.* The actual cost of constructing or rehabilitating housing. These costs include the following:
 - (1) For rehabilitation costs:
 - (i) To meet the applicable rehabilitation standards of the City of Wichita or correct substandard conditions to, minimally, the housing quality standards as required by CFR 24, 882.109;
 - (ii) To make essential improvements, including energy-related repairs or improvements, improvements necessary to permit use by handicapped persons, and the abatement of lead-based paint hazards, as required by CFR 24, 92.355, and to repair or replace major housing systems in danger of failure; and
 - (2) For New Construction:
 - (i) To demolish existing structures;
 - (ii) To make utility connections including off-site connections from the property line to the adjacent street; and
 - (iii) To make improvements to the project site that are in keeping with improvements of surrounding, standard projects. Site improvements may include on-site roads and sewer and water lines necessary to the development of the project. The project site is the property, owned by the project owner, upon which the project is located.
- (b) *Acquisition costs.* Costs of acquiring improved or unimproved real property.
- (c) *Related soft costs.* Other reasonable and necessary costs incurred by the owner or participating jurisdiction and associated with the financing or development (or both) of rehabilitation or acquisition of housing assisted with HOME funds. These costs include, but are not limited to:
 - (1) Architectural, engineering and related professional services required to prepare plans, drawings, specifications or work write-ups;
 - (2) Cost to process and settle the financing for a project such as private lender origination fees, credit reports, fee for title evidence, fees for recordation and

filing of legal documents, building permits, attorney fees, private appraisal fees and fees for an independent cost estimate, builders or developers fees;

- (3) Costs of a project audit that the participating jurisdiction may require with respect to the development of the project; and
- (4) Costs to provide information services such as affirmative marketing and fair housing information to prospective homeowners and tenants as required by CFR 24; 92.351.
- (5) The cost of funding an initial operating deficit reserve, which is a reserve to meet any shortfall in project income during the period of project rent-up (not to exceed 18 months) and which may only be used to pay project operating expenses, reserve for replacement payments, and debt service. Any HOME funds placed in an operating deficit reserve that remain unexpended when the reserve terminates must be returned to the participating jurisdiction's local HOME Investment Trust Fund account.
- (6) Staff and overhead costs directly related to carrying out the project such as work specifications preparation, loan processing inspections, and other services related to assisting potential owners, tenants, and home buyers, e.g., housing counseling, may be charged to project costs only if the project is funded and the individual becomes the owner or tenant of the HOME-assisted projects. For multi-unit projects such costs must be allocated among HOME-assisted units in a reasonable manner and documented.
- (7) The costs for the payment of impact fees that are charged for all projects within a jurisdiction.

92.251 Property Standards

Housing that is assisted with HOME funds, at a minimum, must meet the housing quality standards in CFR 882.109 of this title. In addition, housing that is newly constructed must be Energy Star compliant. Newly constructed or substantially rehabilitated housing must meet all applicable local codes, rehabilitation standards, ordinances, and zoning ordinances.

Qualification as Affordable Housing and Income Targeting; Owner-Occupant

Projects intended for owner-occupants require 100% benefit to 80% median low-moderate income.

Labor Standards

Every contract for the construction (rehabilitation or new construction) of housing that includes 12 or more units assisted with HOME funds must contain a provision requiring the payment of

not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a - 276a - 5), to all laborers and mechanics employed in the development of any part of the housing.

Subsidy Limits

HOME funding must not exceed the per-unit subsidy limit as published by the Department of Housing and Urban Development, as applicable to the locality. Current Subsidy Limits are as follows:

- | | | |
|----|----------------|-----------|
| 1) | Studio: | \$110,482 |
| 2) | One-Bedroom: | \$126,648 |
| 3) | Two-Bedroom: | \$154,004 |
| 4) | Three-Bedroom: | \$199,229 |

Current HOME Income Limits

(80%) 1- \$35,700 2- \$40,800 3- \$45,900 4- \$50,950 5- \$55,050 6- \$59,150